

1-1-1982

Washington report, vol. 10 no.45, January 4, 1982

American Institute of Certified Public Accountants.

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_news



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

American Institute of Certified Public Accountants., "Washington report, vol. 10 no.45, January 4, 1982" (1982). *Newsletters*. 839.
https://egrove.olemiss.edu/aicpa_news/839

This Article is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in Newsletters by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

AICPA *Washington Report*

January 4, 1982, Volume X, Issue 45

FHLBB	Proposal issued to give S&Ls more flexibility in structuring accounts.	p.1
HUD	Secretary Pierce announces steps to improve HUD accounting.	p.1
NCUA	Deregulation proposed for terms of share accounts.	p.1
	Board gives credit unions discretion in permitting exception to early withdrawal penalties for IRA/Keogh certificate holders.	p.1
OMB	Additional FAR draft segment available for comment.	p.1
SEC	Chairman Shad urges repeal of Public Utility Holding Company Act.	p.2
	Staff expresses views on purchase method accounting in business combinations in SAB-42.	p.2
Treasury	New debt/equity rules would expand safe harbor and become effective 7/1/82. .	p.2
	Temporary rules issued for leases for mass commuting vehicles under section 168.	p.2
	IRS simplifies some reporting, details change in others.	p.2

FEDERAL HOME LOAN BANK BOARD

Changes intended to give savings and loan associations greater flexibility in structuring classes of accounts, and to provide parity with commercial bank practices is the subject of a recent FHLBB proposal (see the 12/30/81 Fed. Reg., pp. 63076-77). The proposed amendments would eliminate existing rules which prohibit federal S&Ls from imposing charges in connection with opening or maintaining savings accounts. Additionally, the amendments seek to eliminate the \$50 ceiling for the maximum size of non-interest bearing small accounts offered by Federal Associations. Comments are requested by 1/29/82. For additional information contact David Bristol at 202/377-6461.

HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF

A series of immediate steps to improve the Department's accounting operation has recently been announced by Secretary Samuel R. Pierce, Jr. Some of the steps include: a joint effort by the staffs of HUD's Office of Finance and Accounting and the Inspector General's Office to perform a thorough review of HUD's financial management systems; strengthening the role of the OFA to ensure that the Department's programs and objectives are adequately supported with responsive accounting systems; updating HUD's accounting system by utilizing the Automatic Data Processing (ADP) system; submitting HUD's accounting systems to the GAO for approval; and, maintaining close oversight of HUD's accounting operations by the Office of the Inspector General. According to Secretary Pierce, "Implementation of this initiative will insure that HUD has an accounting organization that is not only responsive but also accountable to management." For additional information contact Aldo Scalzilli at 202/755-5105.

NATIONAL CREDIT UNION ADMINISTRATION

Deregulation of title II of the Depository Institution Deregulation Act is the subject of an advance notice of proposed rulemaking by the Board (see the 12/28/81 Fed. Reg., p. 62663). The deregulation proposal would place the responsibility for determining the terms and conditions governing accounts with a federal credit union's board of directors. Comments are requested by 1/1/82. For additional information contact Randall Miller at 202/357-1090.

Discretion to determine whether or not to permit an exception to premature withdrawal penalties for IRS/Keogh certificate holders who have reached the age of 59½ years or more has been granted to federal credit unions as the result of a final rule from the NCUA Board (see the 12/28/81 Fed. Reg., pp. 62647-48). The current exception to the premature withdrawal penalty for these certificate holders is mandatory. The rule is effective as of 12/17/81. For additional information contact Randall Miller at 202/357-1090.

OFFICE OF MANAGEMENT AND BUDGET

A segment of the draft Federal Acquisition Regulation (FAR) has been made available for public comment by the Office of Federal Procurement Policy (see the 12/28/81 Fed. Reg., pp. 62670-71). This component of FAR deals with price negotiation, labor standards for contracts involving construction, and contract modifications. Comments are requested by 2/17/82. For additional information contact William Maraist at 202/395-3300.

SECURITIES AND EXCHANGE COMMISSION

Repeal, rather than amend the Public Utility Holding Company Act of 1935, is the advice of SEC Chairman John S.R. Shad in a 12/21/81 letter to Sen. Alfonse D'Amato (R-NY), Chairman, Senate Securities Subcommittee, Committee on Banking, Housing and Urban Affairs. Responding to three Senate bills which would substantially reduce regulation under the Act, Chairman Shad recommended repeal while noting that "all publicly-owned utility holding company systems will, of course, continue to be subject to the financial disclosure requirements and other provisions of the federal securities laws."

Staff views concerning the application of existing financial accounting standards to business combinations accounted for by the purchase method, involving financial institutions, were expressed recently in SAB-42 (see the 12/31/81 Fed. Reg., pp. 63252-54). The release, in the form of questions and answers, deals with application of the purchase method of accounting in dealing with the allocation of purchase price to tangible and intangible assets acquired and amortization periods for intangible assets.

In other Commission action, the effective date of quarterly reporting requirements for smaller life insurance companies whose shares are not actively traded has been deferred until 1983 to allow the Commission to consider public comments.

TREASURY, DEPARTMENT OF

New rules for determining whether certain interests in a corporation should be treated as debt or equity were recently issued by the Treasury Department as T.D. 7801. In meetings its own year end goal, the Treasury Department announced the new proposal and restated the new effective date for the rules as 7/1/82. The rules were originally scheduled to become effective 1/1/82, but were rescheduled to allow additional time to propose revisions to the rules originally proposed in late 1980. T.D. 7801 broadens the "safe harbor" within which interests in a corporation are certain to be treated as debt. The new proposal provides for a 3 to 1 corporate debt/equity ratio rather than the 1 to 1 corporate debt/equity ratio originally proposed as the boundary for the safe harbor. Also, the tax code section 482 interest rate has been added as a permissible safe harbor rate. The current rate is between 11 and 13 percent. A public hearing on the new proposal is set for 3/10/82. For additional information contact Carolyn Swift at 202/566-3458.

Special rules for leases concerning qualified mass commuting vehicles and new reporting requirements for all safe harbor leases are the subjects of recently issued temporary regulations from the IRS (see the 12/31/81 Fed. Reg., pp.63256-59). The regulations provide guidance to persons executing lease agreements concerning qualified mass commuting vehicles under section 168 (f) (8) of the IRC of 1954. These regulations also contain a new reporting requirement applicable to all leases qualifying under section 168 (f) (8). The regulations apply with respect to safe harbor leases executed and certain mass commuting vehicles placed in service after 12/31/80. For additional information contact John Tolleris at 202/566-3294.

Partnerships will no longer be required to complete Schedule L (Balance Sheets) and Schedule M (Reconciliation of Partners' Capital Accounts) for 1981 and subsequent years if certain tests are met, according to an 12/28/81 IRS News Release. This change, according to IRS, reflects its efforts to simplify Form 1065, U.S. Partnership Return of Income and to reduce the reporting required of partnerships. For example, a partnership will be exempt from completing Schedules L and M, if the partnership's only income producing activity is from one or more of family farm partnership, family-owned wholesale or retail store partnership, or co-owner-

ship of investment property. Additional details are included in the 1981 Form 1065 instructions.

The IRS, in a previous News Release issued 12/22/81, alerted taxpayers who invested in depreciable property after 12/31/80, to use the Form 4562, that was revised in September 1981, to claim depreciation allowances. The form reflects the Accelerated Cost Recovery System (ACRS) of depreciation added by the Economic Recovery Tax Act of 1981. The IRS added that taxpayers affected by the new rules, and who have already filed their returns for a 1980-81 tax year, should file amended returns using the September 1981 revision of Form 4562. The revised form is available at most IRS offices.

In another 12/22/81 News Release, the IRS announced that for fiscal years beginning in 1980 and ending in 1981, partnerships, subchapter S corporations, estates, trusts, regulated investment companies and real estate investment trusts must provide additional information to their partners, shareholders and beneficiaries, to comply with provisions of the Economic Recovery Tax Act of 1981. Entities affected by the new rules, that have already filed these returns for a fiscal year ending in 1981, must file amended returns. Copies of the Form IR-81-140 can be obtained from the IRS at 202/566-4054.

For additional information, please contact Jim Kovakas, Gina Rosasco, Nick Nichols or Kathee Baker at 202/872-8190.

AICPA *Washington Report*

American Institute of Certified Public Accountants

1620 Eye Street, N.W., Washington, D.C. 20006

FIRST CLASS MAIL